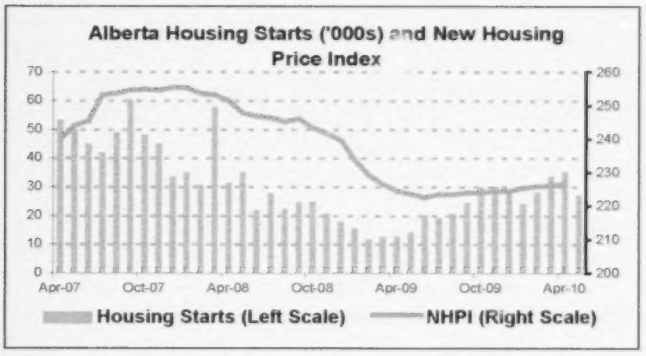
New Housing Market

Housing starts decline in May…

New housing starts in Alberta dropped by nearly 23% in May to 27,300 units (seasonally adjusted at annual rates). After several months of fairly strong activity, housing starts were expected to decline as rising interest rates and tighter mortgage rules are likely to slow demand for housing. The sales-to-new listings ratio has also declined this year, from an average of 0.63 in the second half of 2009 to 0.45 in April 2010, indicating more balanced market conditions. Despite the pullback in May starts, the current level is in line with demographic requirements and marks a significant improvement (almost twice as high) over May 2009, when starts were near their cyclical low.

Nationally, May starts fell 6.3% from April with declines in four of the largest provinces. The dip in May was widely expected due to the combination of tighter lending rules, higher interest rates and the implementation of the Harmonized Sales Tax in Ontario and British Columbia beginning July 1, 2010.



Prices improve slightly…

The New Housing Price Index (NHPI) for Alberta rose 0.3% between March and April, continuing the gradual upward trend which began after prices bottomed out in June 2009. For the first time since June 2008, prices were higher (1.0%) on a year-over-year basis and 1.8% higher than the recession low reached in June 2009. Despite the improvements, the NHPI for Alberta remains 11.2% below its pre-recession peak in December 2007.

Nationally, new house prices continued to rise for the tenth consecutive month in April (0.3%) and were 2.5% higher than a year earlier.

Canadian Dollar (US¢/C$)	
June 11, 2010	96.78
June 4, 2010	95.09
2010-11 YTD	97.51
WTI Oil US$/bbl	
June 10, 2010	$ 75.48
June 3, 2010	$ 74.61
2010-11 YTD	$ 78.43
Nymex Natural Gas C$/MMBtu*	
Near-month Contract	
June 11, 2010	$ 4.91
June 4, 2010	$ 4.98

*Estimate based on Nymex Futures Market Price

Bankcruptcy

Bankruptcies increase in March…

The total number of bankruptcies (business and personal) in Alberta rose to 824 in March. The number of business bankruptcies was 48, closely in line with the 5-year average. Meanwhile, the number of personal bankruptcies rose to 776. This increase coincides with the unemployment rate reaching its recession peak of 7.5% in March 2010.

Global Markets

Oil prices rise, Canadian dollar strengthens…

Global equity and commodity markets surged on Thursday as Chinese trade data for May showed a whopping 10.4% increase in exports from April, and nearly 50% from May 2009. Exports to the Euro area, which accounts for about 20% of total Chinese exports, grew by an impressive 16.2% in May, suggesting that the European situation has had very little impact on Chinese trade so far. This drove oil prices to their highest level in almost a month, above the $75 mark. The Canadian dollar, which often moves with oil prices, gained strength against the US dollar and reached $96.78 today, the highest level in nearly a month.

International Merchandise Trade

Imports and exports decline in April…

Canada's merchandise trade balance moved from a deficit to a surplus of $175 million in April, as exports declined 1.0% while imports fell by a steeper 2.2%. Exports were pulled down by a substantial 20.9% decline in natural gas exports, which were hurt by lower prices in April. Excluding energy, exports declined by a more moderate 0.5%. On the import side, the decline was surprising given the dollar reaching parity in April and the strong domestic economy.

Current Economic Indicators

	2008	2009	2010YTD*	Dec	Jan	Feb	Mar	Apr	May
Population									
Population[1] (000's) (level)	3,596	3,688	3,708	--	3,712	--	--	--	--
% change	2.4	2.6	2.1	--	1.9	--	--	--	--
Net Interprovincial Migraton[1] (level)	15,317	23,006	-5,315	--	-2,780	--	--	--	--
Net International Migration[1] (level)	20,039	20,074	12,696	--	4,720	--	--	--	--
Net Non-permanent Residents[1] (level)	18,536	19,058	1,014	--	-1,425	--	--	--	--
Labour Market									
Employment (000's)	2,013	1,988	1,981	1,995	1,988	1,973	1,969	1,979	1,994
% change	2.8	-1.3	-0.7	-1.0	-1.6	-1.0	-1.0	-0.4	0.3
Unemployment Rate (%)	3.6	6.6	7.0	6.6	6.6	6.9	7.5	7.4	6.6
Participation Rate (%)	74.7	74.3	73.2	73.8	73.4	73.0	73.2	73.4	73.2
Average Weekly Earnings ($)	923.21	950.13	982.62	949.32	963.38	985.99	998.49	--	--
% change	6.0	2.9	2.5	0.2	1.6	2.1	3.6	--	--
Price Indices									
Consumer Price Index	3.1	-0.1	1.3	0.6	1.7	1.0	1.0	1.6	--
Excluding food and energy	2.1	1.4	1.1	0.7	1.1	1.3	0.8	1.4	--
Non-Res. Const. Cost Index[2] (quarterly)	13.2	-9.8	-5.0	-11.2	--	--	-5.0	--	--
Farm Product Price Index	11.5	-11.3*	--	--	--	--	--	--	--
Crops	26.7	-22.9*	--	--	--	--	--	--	--
Livestock	2.1	-0.8*	--	--	--	--	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	29.2	20.0	29.8	27.6	24.2	28.2	33.9	35.4	27.3
% change NEW!	-39.6	-31.6	121.1	54.2	55.1	139.0	164.8	174.4	90.9
New Housing Price Index	0.7	-9.0	-1.1	-6.3	-3.6	-1.4	-0.2	1.0	--
Edmonton NEW!	1.0	-11.2	-3.3	-9.4	-6.5	-3.3	-2.4	-1.0	--
Calgary	0.6	-6.7	1.2	-3.1	-0.6	0.4	2.0	2.9	--
MLS Average Resale Prices ($ 000's)	351.4	340.5	352.9	355.5	344.3	348.2	357.9	361.2	--
% change	-1.5	-3.1	7.4	7.5	6.4	5.1	10.3	7.7	--
Edmonton	330.8	319.1	332.3	333.4	322.7	327.6	341.4	337.3	--
% change	-2.0	-3.5	5.3	2.6	-0.7	2.6	11.0	8.7	--
Calgary	401.1	384.3	394.9	400.3	386.4	395.1	398.2	400.1	--
% change	-2.9	-4.2	6.5	8.8	5.5	5.2	9.0	6.4	--
Retail Sales[3]	0.2	-8.3	6.3	1.9	1.0	6.6	11.2	--	--
New Motor Vehicle Sales	-7.3	-21.7	11.1	2.7	-4.8	24.0	15.4	--	--
Consumer Bankruptcies NEW!	6,066	9,986	2097	634	684	637	776	--	--
% change	27.2	64.6	-10.9	4.6	-1.7	-9.8	-18.4	--	--
Business Sector									
Rigs Drilling	236	128	193	227	287	339	219	62	56
% change	-2.1	-45.6	41.5	-3.8	9.3	42.3	103.5	51.9	76.4
Goods Exports (customs based)	34.6	-37.3	16.1	-14.1	2.1	19.6	18.5	27.8	--
Energy NEW!	42.5	-41.4	29.5	-12.4	8.1	36.7	32.8	48.8	--
Agriculture	32.0	-10.2	-20.4	-24.9	-10.4	-20.1	-9.6	-27.6	--
Total Farm Cash Receipts (quarterly)	17.2	-8.1	-17.3	--	--	--	-17.3	--	--
Manufacturing Shipments	7.0	-21.6	5.0	-3.5	-0.3	3.9	11.2	--	--
Wholesale Trade[4]	9.5	-15.9	-2.7	-13.7	-12.2	-2.1	5.8	--	--
Building Permits	-16.5	-14.2	38.3	57.0	32.1	69.1	41.4	23.5	--
Residential	-31.5	-11.8	104.1	57.1	156.4	172.1	91.3	63.0	--
Non-residential	3.7	-16.3	-6.6	56.9	-25.9	4.3	2.0	-6.8	--
Business Bankruptcies NEW!	447	405	105	32	27	30	48	--	--
% change	-0.4	-9.4	-7.9	6.7	-30.8	-31.8	54.8	--	--

Government of Alberta ■
Finance and Enterprise

Alberta ■

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).

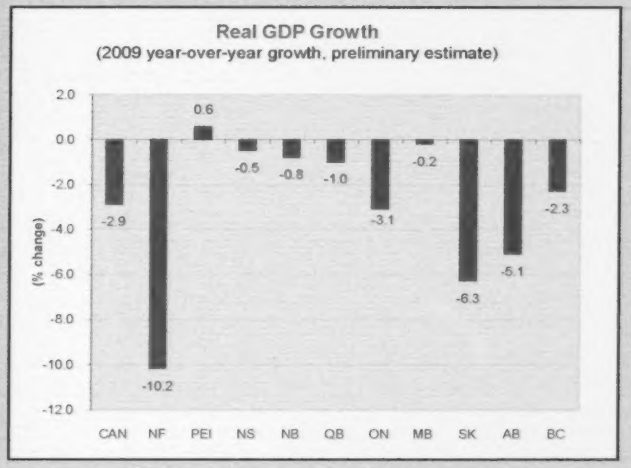
[2] Average of Calgary and Edmonton

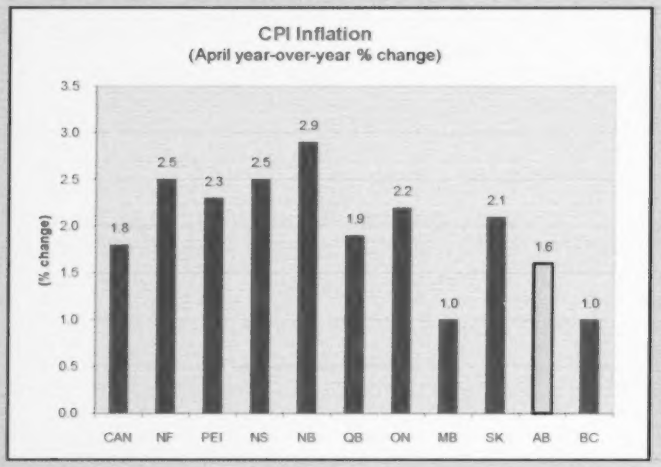
[3] The Retail Sales series was revised on April 23, 2010 and is no longer comparable with numbers in previous Bulletins.

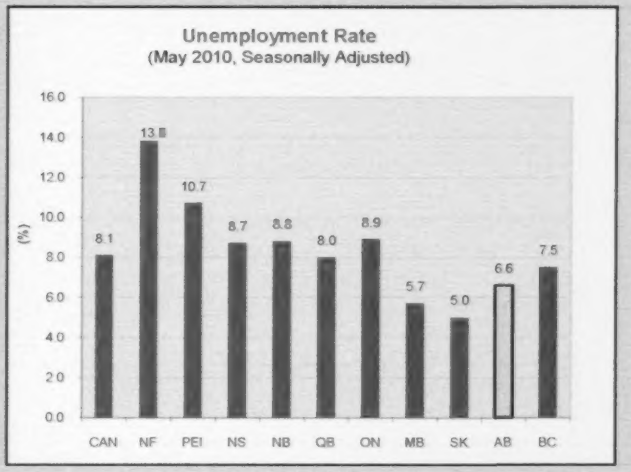
[4] The Wholesale Trade series was revised on April 21, 2010 and is no longer comparable with numbers in previous Bulletins.

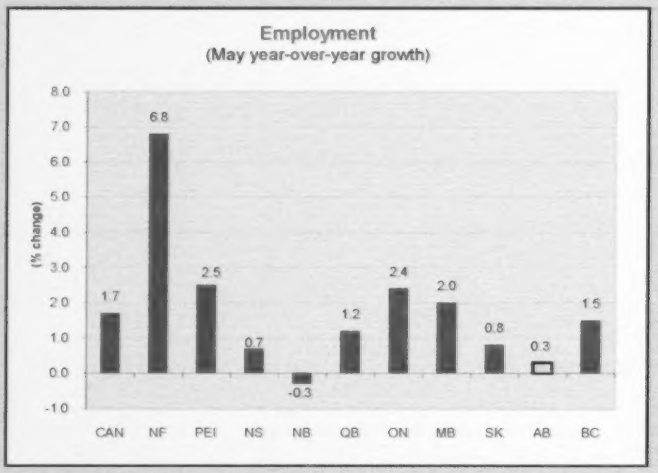
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

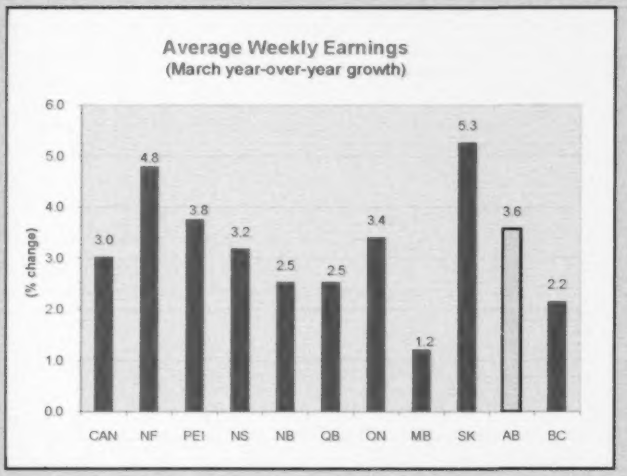
Current Economic Indicators by Province

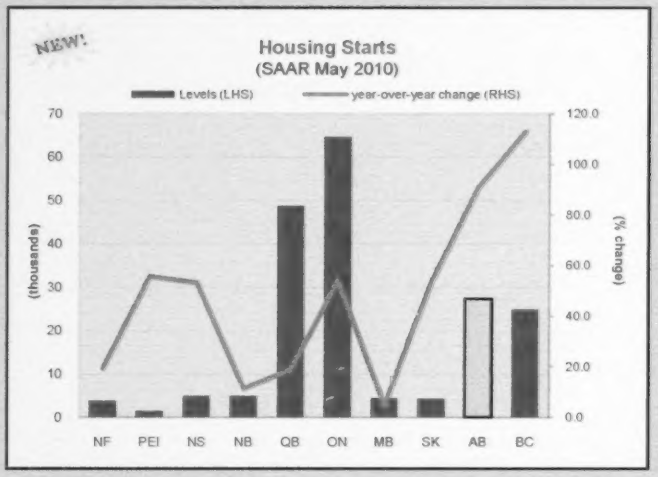












Government of Alberta
Finance and Enterprise

Alberta